

What is CHAMPVA?

CHAMPVA (the Civilian Health and Medical Program of the Department of Veterans Affairs) is a federal health benefits program administered by the Department of Veterans Affairs. CHAMPVA is a Fee for Service (indemnity plan) program. CHAMPVA provides reimbursement for most medical expenses – inpatient, outpatient, mental health, prescription medication, skilled nursing care, and durable medical equipment (DME). There is a very limited adjunct dental benefit that requires pre-authorization.

What does CHAMPVA pay?

In most cases, CHAMPVA pays equivalent MEDICARE rates. CHAMPVA has a deductible (\$50/per person up to \$100 per family per calendar year) and a cost share of 25%.

If the patient has other health insurance, then in most cases, CHAMPVA pays the lesser of either 75% of the allowable amount or the remainder of the charges, and the patient will normally have no cost share.

More details are included below.

Is there a deductible requirement?

Yes, there is generally a deductible requirement for outpatient, pharmacy, durable medical equipment, ambulance, dental, and ambulatory surgery professional services. The deductible is \$50 for an individual, up to \$100 for a family. If the service is provided through the VA medical system, no deductible is applied.

Is there a co-payment requirement?

Yes, CHAMPVA is a cost-sharing program. A beneficiary/patient co-payment is required for all services except those provided through the VA medical system. The co-payment is 25% of the determined allowable charge on all services except inpatient DRG payments and low-volume mental health. For DRG allowable amounts, co-payments are the lesser of (1) the per day amount times the number of days, (2) 25% of the billed amount or (3) the DRG rate. For low volume mental health, the co-payment is the lesser of the per day amount times the number of days or 25% of the billed amount.

What is an allowable amount?

The term allowable amount (or allowable charge) is the maximum amount CHAMPVA will authorize for payment to a hospital, institutional provider, physician or other individual professional, or an authorized provider for covered medical services. The allowable amount is determined prior to cost sharing and the application of deductibles and/or other health insurance.

Does the provider have to accept the CHAMPVA allowable rate?

Yes, under 38 CFR section 17.272(b) (1) - (4), providers must accept the CHAMPVA allowable rate and cannot balance bill the patient

What does CHAMPVA pay for outpatient services?

The lesser of the actual billed charge or 75% of the CHAMPVA determined maximum allowable charge. This maximum allowable charge is generally equivalent to the CHAMPUS/TRICARE rate or MEDICARE rate.

What does CHAMPVA pay for ambulatory surgery (facility and professional charges)?

- *Facility charges:* the allowable amount for procedures performed in a hospital-based setting or freestanding ambulatory surgical center is based on the lesser of the billed charge or a prospective payment system (PPS) reimbursement. The PPS amount is generally equivalent to the CHAMPUS/TRICARE or Medicare rate.
- *Professional fees:* the allowable amount for professional fees is based on the lesser of the billed charge or the CHAMPVA determined maximum allowable charge. The allowable charge is generally equivalent to the CHAMPUS/TRICARE or Medicare rate. Professional fees include the physician services and diagnostic radiology and laboratory tests not directly related to the performance of the procedure.
- *Incidental procedures:* an incidental procedure is performed at the same time as a more complex primary procedure. However, the incidental procedure requires little additional physician resources and is not reimbursable separately.

What does CHAMPVA pay for prescription medication?

CHAMPVA pays 75% of allowable amount for prescription medication which is based on the lesser of the billed charge or the average wholesale price (as found in the Drug Topics Red Book) plus a \$3.00 dispensing fee.

What does CHAMPVA pay for durable medical equipment?

For items that are purchased, CHAMPVA pays 75% of the VA purchase price.

For items that are rented, CHAMPVA pays 75% of the billed charges. However, if it is determined that it is less expensive to purchase the item, the Program will only pay the rental costs until the item can be purchased (normally through the VA).

If the item is purchased through the VA, CHAMPVA pays 100% of the cost.

How does CHAMPVA calculate reimbursement for inpatient services?

- *Professional fees:* the allowable amount for professional fees is based on the lesser of the billed charge or the CHAMPVA determined maximum allowable charge. The allowable charge is generally equivalent to the CHAMPUS/TRICARE or Medicare rate.
- *Diagnosis Related Group (DRG) based facility fees:* the allowable amount is the DRG rate. This is generally equivalent to the CHAMPUS/TRICARE or Medicare rate.
- *Non-DRG based facility fees:* when the facility is exempt from the DRG and per diem payment systems, the allowable amount is based on the billed charge.
- Mental health facility fees:
 - *High volume and Residential Treatment Centers.* The allowable amount is based on the CHAMPUS/TRICARE mental health per diem system.
 - *Low volume hospitals.* The allowable amount is based on the lesser of (1) a regional per day amount or (2) the billed charge.
 - *Substance use disorder rehabilitation facilities.* The allowable amount is based on the DRG rate. This is generally equivalent to the CHAMPUS/TRICARE or Medicare rate.

How do I get more information?

- Check our web site at www.va.gov/hac, select CHAMPVA
- Write us at P.O. Box 65023, Denver, CO 80206-9023
- E-mail us at hac.inq@med.va.gov
- Call 1-800-733-8387, Monday-Friday from 9:00 AM -1:30 PM and 2:30 – 5:00 PM Eastern Time.